

**Regular Meeting
Board of Trustees
Of the Employees' Retirement System
Of the City of New Orleans
Purchasing Conference Room
1300 Perdido Street, Room 4W05
March 30, 2016
9:30 a.m.**

Trustees Present:

Dr. Edgar L. Chase, III, Chairman
Ms. Lisa M. Hudson, Vice Chairperson
Mr. Norman S. Foster, Treasurer/CFO
Ms. Courtney B. Bagneris, Active Representative
Ms. Marina M. Kahn, Retiree Representative

Others Present:

Jesse Evans, Jr., Director of Employees' Retirement System
Janet H. Easterling, Administrative Support Supervisor
Ian Jones, the Bogdahn Group
Kimberly Smith, City Attorney's Office
Alex Glaser, Phelps Dunbar
Jack Lazzaro, TCW
Jeffrey Katz, TCW
Stephen Daste
Theo Sanders

The chairman called the meeting to order at 9:30 am.

NEW BUSINESS

Date for next Regular Meeting the Board tentatively scheduled its next regular meeting for Wednesday, April 26th at 9:30 am location to be determined.

COMMITTEE REPORTS

Investment Committee – The Bogdahn Group

Review Status of Opportunistic Manager Search Mr. Jones handed out the booklet on NOMERS Opportunistic Search Candidates and discussed the RFP timeline. He informed the Board that two managers (LGT and Seer) did not respond to the search. Mr. Jones said that at the next Board meeting he will provide a summary on each finalist from the Opportunistic Manager Search.

Ms. Bagneris arrived to the meeting.

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Mr. Jones requested that two items be added to the agenda. Mr. Evans said that a motion is needed from the Board to add Discussion on International Equity Manager Search. A motion was made by Ms. Hudson and seconded by Ms. Kahn to add Discussion on International Equity Manager Search to the agenda. The motion passed unanimously (Ms. Hudson, Ms. Kahn, Ms. Bagneris and Dr. Chase). Mr. Jones said that Securities Lending needs to be added to the agenda. A motion was made by Ms. Hudson and seconded by Ms. Kahn to add Securities Lending to the agenda. The motion passed unanimously (Ms. Hudson, Ms. Kahn, Ms. Bagneris and Dr. Chase).

Discussion on International Equity Manager Search Mr. Jones said that the Board had a investment with an international manager Wentworth Hauser & Violich who was terminated. He said at the last meeting the Board voted to transition those funds to an international equity Vanguard Index Fund. Mr. Jones initiated replacement for the international equity manager space in the portfolio. He assisted Mr. Evans in writing advertisement search for an International Equity All County World ex-US Investment manager. Mr. Jones provided a suggested timeline for the International Equity All County World ex-US Investment manager search. He discussed the screening criteria for the International Equity All County World ex-US Investment manager. Mr. Jones provided a list of managers and why some were eliminated. He presented a semi-short list of 16 candidates.

Securities Lending Mr. Jones said that he contacted the JPMorgan Securities Lending agent to inquire about the Board's program. He said that since 2008 there were 5 impaired securities and 2 have been sold. Mr. Jones said that there has been no impact on yield yet as long as the securities stay in the program. He said that there are three remaining securities with a par amount of \$247,987. Mr. Jones inquired as to what would be the impact if the client does not want to stay in the securities lending program. He said that the Board would have to pay a total of \$240,833 to get out of the securities lending program. Mr. Evans said that at the time the Board was informed about the JPMorgan Securities Lending Program problem, the Board chose to stay in. Ms. Hudson said that she is in favor getting out the JPMorgan Securities Lending program. Mr. Jones said that from 2007 to present NOMERS's revenue portion from securities lending program is \$687,232. He said that securities lending revenues are split 60% for NOMERS and 40% JPMorgan. Ms. Hudson said that at the time the Board was unaware of the risks associated with the JPMorgan Securities Lending program. Mr. Evans will confirm the total amount to get out of securities lending program with JPMorgan. The Board agreed to place this item on the agenda next month.

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Mr. Jones talked about the custodian services at JPMorgan. Mr. Evans informed the Board that a three year contract was signed in 2013 with two-one year renewables. He said that this year the Board has to make a decision to renew the JPMorgan custodian contract for one year or do an RFP. Mr. Jones expressed some concerns with JPMorgan. Mr. Evans suggested that the Board renew with JPMorgan for one year and express the concerns with the custodian services. He said that if things are not satisfactory with the custodian service within a year, the Board could choose to not renew the contract for the fifth year. Mr. Evans said that he and Mr. Jones can express the concerns with the custodian services directly to JPMorgan. Ms. Hudson requested that the renewal of JPMorgan contract be placed on next month's agenda.

PRESENTATION

TCW Mr. Lazzaro gave an overview of the firm. Mr. Katz discussed the portfolio characteristics of TCW. He discussed what is considered a bendable and breakable asset in the investment market. Mr. Katz made a presentation on the portfolio.

Monthly Flash Report - Mr. Jones made a presentation on the monthly flash report ending January 31, 2016 for the managers' performance.

Mr. Jones requested that the Board set a policy to take funds from the managers based on the target allocation, in order to balance the portfolio. He said that currently the Board authorized Mr. Evans to take funds from three equity managers (Southeastern, Corner Stone and Vanguard) for payment of benefits and capital calls. Ms. Hudson requested that this request be placed on next month's agenda. The Board discussed further. A motion was made by Dr. Chase and seconded by Ms. Bagneris to take \$3 million from fixed income if a need for funds occurs within the next thirty days. The motion passed unanimously (Dr. Chase, Ms. Bagneris, Ms. Kahn and Ms. Hudson).

Budget Committee - Trustees Conference Review & Approval – no requests.

Member Relations Committee nothing to report.

Contract Compliance Committee Mr. Evans said that the Tax Attorney Contract is pending review by Phelps Dunbar.

Headline Risk Committee nothing to report.

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Staffing Committee Mr. Evans handed out an organization chart of the staff with the earliest possible retirement eligible dates. He informed the Board that in less than ten years his entire staff will be retired except him. Mr. Evans said that staff needs to be hired before there is no one to do the work of the Retirement Office. Ms. Bagneris asked whether this organization chart was presented to Mr. Foster. Mr. Evans said no. Ms. Hudson asked whether the vacant positions were budgeted. Mr. Evans said no. Ms. Hudson asked what is needed from the Board regarding staffing the Retirement Office. Mr. Evans said support in hiring staff for the Retirement Office. Ms. Bagneris said that Mr. Evans has requested staffing in the budget for the last couple of years. Mr. Evans said that if he is not allowed to hire staff to do the job, he will ask about hiring temps. Ms. Hudson requested to keep this issue on the agenda. The Board requested that Mr. Evans draft a letter on staffing needs for the Retirement Office to the Administration committee regarding budget.

MONTHLY REPORTS

Minutes of Regular Meeting for February 17, 2016 were presented to the Board. A motion was made by Ms. Bagneris and seconded by Ms. Kahn to approve the minutes of the Regular Meeting for February 17, 2016. The motion passed unanimously (Ms. Bagneris, Ms. Kahn, Ms. Hudson and Dr. Chase).

Retirements for the month of March 2016 were presented to the Board. A motion was made by Dr. Chase and seconded by Ms. Hudson to ratify the retirements for the month of March 2016. The motion passed unanimously (Dr. Chase, Ms. Hudson, Ms. Bagneris and Ms. Kahn).

Report of deceased retirees for the month of March 2016 was presented to the Board. The Board received the report of deceased retirees for the month of March 2016.

Member Refunds Report for the month of February 2016 was presented to the Board. The Board received the member refunds report for the month of February 2016.

Mr. Evans informed the Board that no other retirement system in the state that he is aware of pays interest on employee contributions but our plan. Dr. Chase suggested that Mr. Evans present something in written for the Board to consider at the next meeting.

Employer Contribution Report for the month of January 2016 was presented to the Board. The Board received the Employer Contribution Report for the month of January 2016.

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EXECUTIVE SESSION

A motion was made by Dr. Chase seconded by Ms. Bagneris to go into executive session. The motion passed with unanimously (Dr. Chase, Ms. Bagneris, Ms. Kahn, and Ms. Hudson).

Mr. Foster arrived to the meeting.

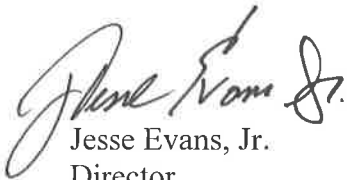
The meeting resumed.

Weiler & Rees, LLC – John Weiler – no action taken.

A motion was made by Ms. Bagneris and seconded by Ms. Hudson to approve the Accidental Disability Retirement for **Rickie Gilbert** based on the Board's physician report. The motion passed unanimously.

A motion was made by Ms. Bagneris and seconded by Ms. Hudson to approve the Ordinary Disability Retirement for **Cynthia Berry** based on the Board's physician report. The motion passed unanimously.

There being no further business, a motion was made by Ms. Hudson and seconded by Ms. Bagneris to adjourn. The motion passed unanimously.



Jesse Evans, Jr.

Director

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